

Message Text

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ACTION EB-08

INFO OCT-01 AF-10 EUR-12 ISO-00 AGRE-00 CIAE-00

COME-00 INR-07 LAB-04 NSAE-00 SP-02 STR-04

TRSE-00 FRB-03 OMB-01 /052 W

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FM AMEMBASSY ACCRA

TO SECSTATE WASHDC 7511

INFO AMEMBASSY ABIDJAN

AMEMBASSY LAGOS

AMEMBASSY LOME

AMEMBASSY LONDON

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LAGOS FOR AGATT; LONDON FOR SEITZ

E.O. 11652: N/A

TAGS: EAGR, GH

SUBJ: GOG AGENCY TO BE SOLE COCOA BUYER

1. SUMMARY: GOG HAS ANNOUNCED CHANGE IN SYSTEM OF PUR-
CHASING COCOA FROM FARMERS BUT NEW SYSTEM UNLIKELY TO
REVERSE DECLINING COCOA PRODUCTION. END SUMMARY.

2. OVER EASTER WEEKEND COCOA MARKETING BOARD, (CMB),
GOG AGENCY, ANNOUNCED CHANGES IN SYSTEM FOR BUYING COCOA,
COUNTRY'S PRE-EMINENT SOURCE OF FOREIGN EXCHANGE. FOR
PAST DECADE PURCHASE, STORAGE AND TRANSPORT TO PORTS OF
COCOA WAS HANDLED BY TEN LICENSED BUYING AGENTS.
AGENTS FINANCED BY CMB AND PAID COMMISSION BASED ON TONNAGE
PURCHASED. BEGINNING WITH COMING MID-CROP (JUNE) THESE
FUNCTIONS WILL BE ASSUMED BY PRODUCE BUYING DIVISION OF CMB.

2. CHANGES NOT REALLY AN INNOVATION, AS SIMILAR

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BUYING SYSTEM EXISTED FROM 1961-66. DURING THIS PERIOD
QUALITY OF GHANA'S COCOA EXPORT IMPROVED CONSIDERABLY.
ACCORDING TO PRESS REPORT, MAIN PURPOSE OF SHIFT TO UNI-
TARY BUYING SYSTEM IS TO AVOID PROBLEMS IN INTERNATIONAL
MARKETING. BUYING AGENTS GIVEN ADVANCES BASED ON DECLARED
COCOA PURCHASES FROM FARMERS, WHILE CMB EXPORT SALES
CONTRACTS BASED ON PURCHASE DECLARATIONS BY BUYING AGENTS.

3. LOCAL INDUSTRY SOURCE NOTES THAT PRODUCT BUYING DIVISION OF CMB WILL TAKE OVER FACILITIES AND STAFF OF 10 BUYING AGENTS. ACCORDING TO PRESS, BOARD HAS TAKEN STEPS TO INSURE THERE WILL BE SUFFICIENT BUYING CENTERS AND NO DELAYS IN PAYMENTS TO FARMERS.

4. COMMENT: SAME INDUSTRY SOURCE CONFIRMS THAT REAL REASON FOR CHANGE IS POLITICAL, ALTHOUGH HE SEES MEASURE AS POSITIVE. GHANA'S COCOA INDUSTRY HAS BEEN IN DECLINE FOR PAST SEVERAL YEARS AND GOG HAS BEEN UNABLE TO REVERSE THIS TREND. INDUSTRY SOURCE BELIVES CHANGE WILL GIVE CMB MORE CONTROL OVER FARMERS AND CAN BE USED TO STIMULATE PRODUCTION. ACCORDING TO HIM, CMB IS COMPETENT AND EFFECIENT, BUT NOT YET CLEAR WHAT INCENTIVES, IF ANY, PRODUCE BUYING DIVISION WIL HAVE TO PURCHASE COCOA AGGESSIVELY. WE WILL REPORT FURTHER ON NEW BUYING SYSTEM AS DETAILS BECOME AVAILABLE AND AS WE HAVE OPPORTUNITIES TO TALKS TO LOCAL INDUSTRY SOURCES.SMITH

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